

City of Turrell, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF TURRELL, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

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Arkansas

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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Turrell, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Turrell, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated February 22, 2023. These procedures were not performed for the Water and Sewer Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2021:

Mayor: Charles Webster
Recorder: Dora Jordan (resigned June 1, 2021); Brandy Beaulieu (appointed June 1, 2021)
Treasurer: Dora Jordan
District Court Clerk: Nanette Nauden
Police Chief: Perry Jennings (terminated December 7, 2021); Gregory Todd Gray (appointed December 29, 2021)

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor** and **Treasurer**.

Mayor and Treasurer

Although Schedule 1 of this report shows a balance of \$124,970, it was brought to our attention that as of December 31, 2021, 72% of the General Fund ending balance was restricted for Act 833 Fire Department expenditures, leaving net unrestricted cash balance of \$35,368. In addition, General Fund owed a significant amount to the Street Fund. As shown in Note 6 on Schedule 4, when these outstanding amounts were considered, the General Fund had a deficit unrestricted balance of \$217,832. A similar finding was noted in the previous two reports dating back to 2018.

Treasurer

State aid for highway funds in previous years of \$253,200 owed to the Street Fund was not transferred during the engagement period, in noncompliance with Ark. Code Ann. §§ 26-79-104, 27-70-207. The City made payments of \$1,000 in 2021. A similar finding was noted in the previous 12 reports dating back to 2003.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Roger A. Norman".

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
February 22, 2023
LOM218621

CITY OF TURRELL, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Capital Projects Funds	Pension Trust Funds
Cash Balance, January 1, 2021	\$ 40,693	\$ 30,169	\$ 3,651	\$ 500
Receipts:				
State aid	96,975	48,726		
Federal aid	20,000	57,493	9,000	
Property taxes	25,559	2,353		
Franchise fees	18,982			
Sales taxes	136,125			
Fines, forfeitures, and costs	11,562			
Local permits and fees	4,421			
Sanitation fees	25,871			
Other	22,688			1
Transfers in	2,968	1,000		
Total Receipts	365,151	109,572	9,000	1
Disbursements:				
General government	126,933			
Law enforcement	73,101		12,350	
Highways and streets	190	51,765		
Public safety	29,843	12	301	
Sanitation	13,625			
Recreation and culture	803			
Debt service	8,798	3,000		
Transfers out	1,000	2,467		501
Contribution to water department	26,581			
Total Disbursements	280,874	57,244	12,651	501
Cash Balance, December 31, 2021	\$ 124,970	\$ 82,497	\$ 0	\$ 0

CITY OF TURRELL, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 2

	Street	Fire (Act 833)	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 27,690	\$ 2,479		\$ 30,169
Receipts:				
State aid	48,726			48,726
Federal aid			\$ 57,493	57,493
Property taxes	2,353			2,353
Transfers in	1,000			1,000
Total Receipts	<u>52,079</u>		<u>57,493</u>	<u>109,572</u>
Disbursements:				
Highways and streets	51,765			51,765
Public safety		12		12
Debt service	3,000			3,000
Transfers out		2,467		2,467
Total Disbursements	<u>54,765</u>	<u>2,479</u>		<u>57,244</u>
Cash Balance, December 31, 2021	<u>\$ 25,004</u>	<u>\$ 0</u>	<u>\$ 57,493</u>	<u>\$ 82,497</u>

CITY OF TURRELL, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 3

	Fire Truck	Police Equipment	Total
Cash Balance, January 1, 2021	\$ 301	\$ 3,350	\$ 3,651
Receipts:			
Federal aid		9,000	9,000
Disbursements:			
Law enforcement		12,350	12,350
Public safety	301		301
Total Disbursements	301	12,350	12,651
Cash Balance, December 31, 2021	\$ 0	\$ 0	\$ 0

CITY OF TURRELL, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 4

1. Cash balances on the Financial Schedules include demand accounts.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Police Department, and Community Library

3. The cash balance at year-end in the custodial fund is as follows:

	December 31, 2021
District Court	\$ 2,332

This balance represents fines, forfeitures, and costs that have not been transferred to the appropriate entities.

4. The Municipality's capital assets records are summarized below:

	December 31, 2021
Land	\$ 79,522
Buildings	214,110
Equipment	666,924
Total	\$ 960,556

5. The outstanding balance at year-end for long-term liabilities is as follows:

	December 31, 2021
Notes payable	\$ 79,594

CITY OF TURRELL, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 4

6. Deficit Fund Balance

The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the City of Turrell had a significant balance due to Street fund at December 31, 2021. Also, 72% of the General Fund ending cash balance contained funds restricted for Fire Department Act 833 expenditure purposes. The information below begins with the cash balances for the General and Street Funds. The computation includes changes to the cash balances for the outstanding amounts owed at year.

Balances as of December 31, 2021	<u>General Fund</u>	<u>Street Fund</u>
Cash balance per accountant's report	\$ 124,970	\$ 82,497
Amount restricted for Act 833	<u>(89,602)</u>	
Net unrestricted cash balance	35,368	<u>82,497</u>
 Due to Street Fund	 (253,200)	
Due from General Fund		<u>253,200</u>
 Restated balances as of December 31, 2021	 <u><u>\$ (217,832)</u></u>	 <u><u>\$ 418,194</u></u>

7. The City received federal funding of the following amount related to COVID-19 relief:

	<u>December 31, 2021</u>
American Rescue Plan Act (ARPA)	<u><u>\$ 57,493</u></u>